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Japan: Nakasone's Legislative Agenda

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Summary

The Diet session that is scheduled to run until 22 May will focus on Japan's 1986 budget and the politically controversial bill to redistribute lower house seats. With his Liberal Democratic Party (LDP) presidential term ending in October, Prime Minister Nakasone is determined to push ahead with his agenda of privatizing Japan's national railway and airlines. Upper house elections are set for June, so LDP leaders want the Diet session to appear productive. The latest press items suggest Nakasone's legislative program will be supported by key cabinet members despite the ambitions of some who want to succeed him and enhance their own reputations. Nakasone may also push harder to stay on, a goal that will be clearer as the June upper house elections--and the possibility of simultaneous lower house elections--approach.

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This memorandum was prepared by Office of East Asian Analysis. Information available as of 3 April 1986 was used in its preparation. Comments and queries are welcome and may be directed to the Chief, Japan Branch, OEA, .

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Nakasone Turns to Diet Politics

FY 1986 Budget: To clear the decks for nonroutine legislative items, Nakasone set a goal of passing the FY 1986 budget without delay. To pave the way for that approval, he promised opposition parties that the government would implement unspecified tax cuts later in the year. Press reports suggest this tactic worked, allowing passage by the lower house by 8 March--just slightly behind the schedule.

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The Lower House Seat Reallocation Bill: One of Nakasone's top priorities among the 91 bills submitted to this session is a proposed redistribution of lower house seats. According to the latest press reports, the LDP's controversial original plan--taking away seats from overrepresented rural districts and adding them to urban constituencies--has been returned to the working level of the LDP Diet Strategy Committee for further review. Although Nakasone wanted to move the bill to the upper house by the end of March, opposition from within his own party makes early passage remote. Leading the opposition are those LDP members who are likely to be hurt by redistricting, especially the small Komoto faction, which stands to lose a disproportionate number of Dietmen.

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Although the LDP initially stands to suffer most from Diet seat reallocation, opposition party leaders also are fighting the plan. They fear the present plan would be a move toward single-member constituencies, which would hurt smaller parties. The Democratic Socialist Party chairman Sasaki, for example, recently suggested that no action be taken until a bipartisan committee studied this issue. How far the opposition will go in opposing the bill remains to be seen. The media believe that a boycott of the Diet would justify Nakasone's dissolution of the lower house, and allow him to call double elections this summer. Optimistic press observers suggest the opposition--the Socialists (JSP), in particular--want to avoid elections at all costs and therefore they may decide to go along with the so-called reapportionment bill with conditions. Other press sources, however, contend the JSP actually favors double elections because victories in lower house races would offset anticipated losses in the upper house.

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Administrative Reform: The rest of Nakasone's legislative agenda focuses on administrative reform, a catchphrase that connotes the Japanese push for "small government." Nakasone's cabinet members and party executives share this goal and consider privatizing the 114-year old Japan National Railways (JNR) as their main objective. According to the press, however, JNR could prove a potentially troublesome issue if Nakasone handles it the wrong way.

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JNR reform is generally popular, but the LDP must solve the problem of the railway's accumulated \$130 billion debt. The sale of the JNR land is one possibility, according to media analysts. But press reporting has also indicated such action could hurt those who are now JNR tenants. In addition, the Socialist Party is opposing reform because of its impact on public-sector unions, its traditional constituency. The party's ability to exploit the issue was recently undercut by passage of a bill that provides generous incentives to induce about 10 percent of JNR workers to resign.

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The Nakasone cabinet on 28 February approved five bills that form the heart of the program to privatize JNR. Additional bills are expected to be unveiled later in the session. Press analysis speculates that all are likely to bear the imprint of the president of the "New JNR," Sugiura, who was appointed by Nakasone last year over the opposition of the Tanaka and Fukuda factions. Transportation Minister Mitsuzuka, who claims JNR reform has been his lifetime goal, will also play a key role in shepherding legislation through the Diet. The press suggests his close ties to Finance Minister Takeshita and Foreign Minister Abe will probably expedite the reform process. Press reports also indicate Nakasone is confident that these men will be able to convert the popularity of reform into legislative victories, as was done in the case of Nippon Telephone and Telecommunications. []

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In addition, Nakasone and the LDP Secretary General hope to introduce tax reform bills during the current session. The three government groups looking at this issue--the LDP Tax Coordination and Research Council; the Ad Hoc Tax System Advisory Council (Finance Ministry) and the Prime Minister's Tax Council To Promote Reform (collection of Nakasone's top advisers)--are split sharply over specifics, such as whether a large-scale indirect tax is justified and corporate tax rates should be increased. Nonetheless, the LDP is trying to get some of the measures considered this session, a move that should win them votes in the upper house elections this summer. In particular, the Finance Ministry has drafted measures that would ease the tax burden of the middle class, by permitting workers to take some deductions for business expenses, housing, and education. These bills will have to be reviewed and implemented by the other two councils before they can be introduced, however, and will probably be followed up by more sweeping legislation in coming sessions. []

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Looking Forward to the Fall

Nakasone also plans to use this session to lay the groundwork for other reforms to be taken up by the Diet in September. The Prime Minister has already taken the first step to privatize Japan Airlines (JAL) by cleaning house among JAL executives and reportedly hopes the next session will complete the task. According to press reports, Mitsuzuka, with the firm support of the newly appointed Japan Airline President Yamaji and the chairman of the Board Ito, is drafting JAL reform bills. Their recommendations should be ready for final approval by the fall. As in JNR's case, the new Nakasone-appointed JAL president is expediting the dismantling of the public corporation. []

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Education reform, a favorite topic of Nakasone's, may also come up in the fall session. In September 1984, Nakasone's Ad Hoc Education Council set out to devise measures to correct the biases that favor students from prestigious schools. Education Minister Kaifu reportedly is interested in changing the high school and college entrance system, as is Nakasone. []

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NAKASONE'S ACHIEVEMENTS, 1982-85

NAKASONE'S 1986 BLUEPRINT

-- Foreign Affairs --

Improved relations with South Korea, ASEAN, and USSR.

Ensure the International Economic Summit, which he will host in May, goes smoothly.

Played a more active role than his predecessors at International economic summits.

Make presummit trip to the United States.

Pledged to double Japan's development assistance by 1992.

Possibly visit Moscow over summer, particularly if there is any movement toward resolution of longstanding territorial dispute.

-- Defense Issues --

Raised Defense Agency's midterm operating estimates to level of a formal government plan.

Set stage for increasing defense spending to over 1% of GNP.

In March 1984 set up central command post that is responsible for handling emergency military situations.

Promote passage of espionage law, once it is amended to permit citizens freedom of access to information.

Foster consolidation of defense missions under one service.

Push for restructuring of crisis management apparatus.

-- Administrative Reform --

Reformed health insurance system by imposing higher fees.

Set the stage for Diet approval of privatization of Japan Airlines.

Authorized return of NTT and tobacco/salt corporation to private sector in 1985.

Act on recommendations of Educational Reform Council, which will submit their second report in April.

Held amount budgeted for current national government expenses constant for four consecutive years.

Introduce a broad tax reform bill in the fall.

Divide Japan National Railways into six private corporations.

-- Other --

Visited Yasukuni Grand Shrine and attended National Foundation Day in official capacity: a postwar taboo broken.

Pass bill reallocating lower house seats.

Improve health benefits for elderly and infirm.

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